



Department of Commerce

Innovation is in our nature.

Policy Advisory Team Meeting September 18, 2013 Meeting Summary

Agenda Item	Key Recommendations/Decisions
Introductions – New Members/Staff	Three new members were introduced: David Stalheim, City of Bellingham; Kathy Tierney, Northwest Justice Project; Dan Seydel, Platinum Business Group.
2014 PAT Meeting Calendar	2014 PAT meeting dates need to be set. There was consensus that Wednesdays are generally best. PAT members were asked to identify any major conflicts. Commerce will schedule meetings in February, June, September, and December. Meetings will be in Seattle, except the February meeting will be in Olympia.
Asset Management Initiative Update <ul style="list-style-type: none">• Portfolio Analysis• Survey Results	Commerce will issue an RFQQ in October to perform an analysis of the HTF portfolio, including financial performance and long-term capital needs. In the meantime, Commerce surveyed about 100 organizations regarding the viability of their affordable housing portfolio. 52 responded. Data will be analyzed and a set of organizations will be selected for more in-depth interviews. The information will be used to develop some training options specific to long-term asset management. This work is an extension of an earlier MacArthur grant and is being done in partnership with WSHFC, Enterprise, City of Seattle, King Co, and SLIHC.
HTF Cost Policy Subcommittee Updates <ul style="list-style-type: none">• Cost-Effectiveness Recommendations<ul style="list-style-type: none">○ Incentives during development○ Regulatory requirements○ Long-term operating costs	Commerce provided an update on how the new cost policy will be applied. The policy is that cost per unit (excluding land & capitalized reserves) must be within 110% of the average cost of comparable projects in order to be considered reasonable. Projects exceeding 110% of average must be able to justify the additional cost. Commerce has been running historical data to determine what kinds of projects can be reasonably compared. For 2013, projects will be categorized based on the following:

	<ul style="list-style-type: none"> • type (multi-family, homeownership) • activity (new construction, rehab) • location (King Co, urban non-King Co, and rural) • size (1-25 units, 26-100 units, over 100 units) <p>Commerce will evaluate to determine whether these categories appear to allow for a fair comparison and may make adjustments at a later date if appropriate.</p> <p>The Incentives subcommittee had met and discussed potential changes to developer fee and contingency policies that would reward cost savings, but is not recommending anything at this time. The committee thought it practical to wait to see the impact of the HTF's new cost policy first, which is being implemented with the 2013 round. The other subcommittees had nothing to report.</p>
2014 Legislative Agenda/Planning	<p>Commerce is going through its annual internal legislative planning process. Proposals must be approved by the Director, then the Governor's office. The HTF submitted requests for additional capital for new projects (\$120 million), and both capital and operating funds for the HTF portfolio (\$10 million). Final decisions from the Governor's office are expected in early December. Bryan Ketcham reported that WLIHA has also begun its legislative planning process. As part of that, WLIHA will be working with stakeholders to develop an advocacy strategy for the HTF. A meeting is being planned for October.</p>
2013 HTF Funding Round <ul style="list-style-type: none"> • Application Status • Process/Timeline • O&M/CDBG/811 	<ul style="list-style-type: none"> • Of the 57 projects on the LEAP list, 31 intend to apply in 2013 and six have withdrawn. Funds allocated for projects intending to apply in 2014 will be withheld until the 2014 round. <p>Commerce will first evaluate projects under the 4 legislated categories (Farmworker, Homeless Vets, CMI, and DD). Commerce has discretion to determine if a project is ready to proceed and the amount of funds awarded to each project. If funds remain under any of the categories, those funds may then be awarded to projects on the Alternate list. Alternate projects will be considered in the order they appear on the list. Projects that are not funded in 2013 will be retained on the Alternate list for 2014. Awards will be announced Dec. 6.</p>

	<ul style="list-style-type: none"> • O&M funds will be available in 2013 and 2014. Awards will not exceed \$50,000 per year for up to 20 years, but may be limited to a smaller amount and/or shorter term, depending on demand and available funds. • \$200,000 in CDBG Housing Enhancement funds will be available in 2013 for off-site infrastructure for rural projects. • The new 811 program is still under development, but is still optimistically expected to roll out in the Fall. Information will be posted on the Commerce website.
2014 HTF Funding Round	Immediately following the 2013 round (2 nd week of Dec.), Commerce will solicit 2014 Stage 1 applications for projects still on the LEAP list, as well as new projects. Stage 1 applications will require more detail than in the past and will be due the second week of January. This will enable Commerce to respond quickly if given the opportunity to update and/or expand the LEAP list in 2014, and will inform advocacy efforts regarding the existing pipeline of projects.
Closing Remarks <ul style="list-style-type: none"> • Next Meeting 	The next PAT meeting will be in Seattle at the WA State Housing Finance Commission on December 11, from 10:00 a.m. – 1:00 p.m.